

Honolulu, Hawaii

MAR 24 2011

RE: H.B. No. 960
H.D. 1
S.D. 1

Honorable Shan S. Tsutsui
President of the Senate
Twenty-Sixth State Legislature
Regular Session of 2011
State of Hawaii

Sir:

Your Committee on Water, Land, and Housing, to which was referred H.B. No. 960, H.D. 1, entitled:

"A BILL FOR AN ACT RELATING TO LOW-INCOME HOUSING,"

begs leave to report as follows:

The purpose and intent of this measure is to:

- (1) Establish a program for granting no-interest loans in lieu of certain state low-income housing tax credits to developers of affordable rental housing who qualify for those tax credits; and
- (2) Authorize the issuance of general obligation bonds to fund the no-interest loans.

Your Committee received testimony in support of this measure from the Hawaii Housing Finance and Development Corporation; City and County of Honolulu, Department of Community Services; Land Use Research Foundation of Hawaii; Hawai'i Association of REALTORS; The Pacific Resource Partnership; Catholic Charities Hawai'i; Miyabara Associates LLC; Royal Contracting Co., Ltd.; Stanford Carr Development, LLC; Vitus Innovative Development; Palekana Permitting and Planning; Hawaiian Dredging Construction Company, Inc.; Kevin S. Kennedy Consulting, LLC; Richard Matsunaga and Associates Architects Inc.; Otis Elevator Company; United Steel, LLC; Moss Engineering, Inc.; Diane Kodama; Geoff Miasnik; Tze Kwan Marr; and John Serikawa. Your Committee received comments on this



measure from the Department of the Attorney General; Department of Budget and Finance; Department of Taxation; Tax Foundation of Hawaii; and Diane Taira.

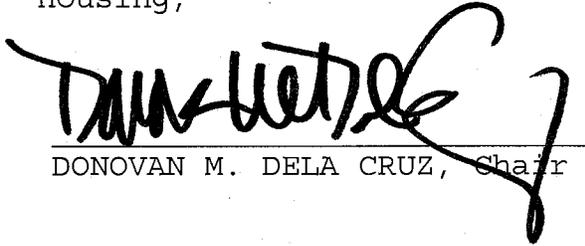
Your Committee finds that the State has a great need for affordable rental housing, as evidenced by the Hawaii Housing Policy Study, 2006 update. The State Low-Income Housing Tax Credit Program was established to promote the development or substantial rehabilitation of affordable rental housing. However, there is currently little demand for state low-income housing tax credits. This measure provides an alternative financing vehicle, no-interest loans, to developers of affordable housing.

Your Committee notes the testimony of the Department of Budget and Finance, which indicates that as the bond proceeds will be used for private purposes, taxable general obligation bonds, with interest rates higher than those of tax-exempt general obligation bonds, will need to be issued to fund the low-income housing tax credit loans.

Your Committee has amended this measure by making technical, nonsubstantive amendments for the purposes of clarity and consistency.

As affirmed by the record of votes of the members of your Committee on Water, Land, and Housing that is attached to this report, your Committee is in accord with the intent and purpose of H.B. No. 960, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 960, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Respectfully submitted on
behalf of the members of the
Committee on Water, Land, and
Housing,


DONOVAN M. DELA CRUZ, Chair



